

Washington Horse Racing Commission
Meeting Minutes
February 13, 2015

The meeting convened at 9:30 A.M. at the Auburn City Council Chambers, Auburn, Washington. Present were: Jeff Colliton, Chairman; Paul George; Commissioner; Dr. Everett Macomber, DVM, Commissioner; Isaac Williamson, Assistant Attorney General; Doug Moore, Executive Secretary; Patty Brown, Confidential Secretary.

Item #1. Approval of the meeting minutes of January 9, 2015.

Commissioner Macomber moved to approve the minutes with one correction on page 5. Commissioner George seconded the motion with one correction made on page 1. Unanimously approved.

Item #2. Commissioner's Report.

Chairman Colliton mentioned the services that had been held for Mary Kubota yesterday. Commissioner George mentioned the passing of longtime horse owner Jerre Paxton. Commissioner Macomber reported on his attendance at the National Horsemen's Benevolent & Protective Association meeting held in Arizona.

Chairman Colliton moved to approve the travel to attend the National HBPA meeting for Commissioner Macomber which was an oversight at the January 9th meeting. Commissioner George seconded the motion. Unanimously approved.

Item #3. Industry Reports.

a. Emerald Downs.

Mr. Ron Crockett introduced Phil Ziegler the new manager of Emerald Downs LLC which is taking over Emerald Downs Race Track. Mr. Crockett reported on the purse fund to be at \$117,000 vs. \$107,000 at this time last year. Mr. Crockett said he has very positive thoughts so far on the enhancements in the future coming to the racetrack. He reported the handle is up in the first days of the 144 days of simulcasting; up 3.8 percent. He reported February to date to be up 21.4 percent.

Chairman Colliton said Idaho has closed down the Worley site and those bettors are now at Northern Quest Casino in Spokane, which may be the reason in the increase. Mr. Crockett said he believes the industry in the State of Washington will remain healthy. He said it is a very positive situation; with the advent of the Muckleshoot's being involved; they want to take this to another level.

Jack Hodge, Vice President, said stalls are being rented; 79 applications, which is up ten percent over last year. Mr. Hodge said there are 1,124 horses on those applications; another good sign, up 52 on horse count over last year. With the prospect of some supplements by the Muckleshoot Tribe to offset some of the costs, Mr. Hodge talked about the early bird incentive; to move in early and save some of the costs; stall efficiency factor formula, conserve utilities can recover up to 100 percent of the labor and industry horse costs. These will be paid at the end of the season. All of the incentives are being funded by the Muckleshoot Tribe. Bob Fraser is working on improving the customer experience at the track. He

is hoping to possible upgrade the equipment. He reported that the new Kirkland site is the number 2 satellite now.

Commissioner Macomber talked about the grounds and the living conditions at Turf Paradise, how important it is to the horsemen. After having seen how bad the conditions are there and how good the living conditions and the barn area is here. It's like living in a top grade apartment at Emerald Downs. He congratulated them on the condition of the race track and the barns.

b. WA HBPA.

Ron Maus, President reported for HBPA, he thanked Commissioner Macomber for attending the National HBPA meetings. Mr. Maus reported that this is his last year as president of the WA HBPA. Mr. Maus reiterated the feelings that Emerald Downs is the best facility. He personally would not place a groom or horse at Turf Paradise nor Portland Meadows. Mr. Maus is looking forward to working with Mr. Ziegler. Mr. Maus spoke briefly about supporting the RCI taking over the medication issues. He fully believes in letting science dictate the way. He said we have a limited draw for horses.

c. WTBOA.

Dana Halvorson, President, reported on WTBOA activities. Mr. Halvorson also announced that this would be his last year as president, but he will be remaining on the board. He spoke about the upcoming annual banquet on Saturday, February 28th. He is hoping all can attend. He also said they were still needing donations for the silent auction. Mr. Halvorson said he was grateful to Ron Crockett and Jack Hodge for their organization operating the racetrack the last twenty years. Mr. Halvorson also added how the facility still looks to be brand new, how well it is kept, the overall conditions at the racetrack.

Doc asked Dana any feedback on success of the breeding. Dana said continuous increase is what he thinks we are going to see. Great incentive. WA bred adds another percent to that, great incentive.

Mr. Moore said Mr. Lopez was investigating the Emerald Racing LLC application and is present for questions if there were any at this time.

Item #4. WHRC officials, Emerald Downs.

Mr. Moore said all previous WHRC employees were returning this year, with the exception because of the loss of Mary Kubota. The Equine Medical Director position has been interviewed and offered to Dr. Tricia Arnold.

Mr. Hodge said he hired Don Miller as the new starter and the stakes schedule is also close to being finalized.

Mr. Moore said the officials for the Sun Downs meet are same as previous year.

Commissioner Macomber moved to approve the WHRC Officials for Emerald Downs and Sun Downs race meets. Commissioner George seconded the motion. Unanimously approved.

Item #5. Sun Downs dates request and officials.

Mr. Moore presented the application and said it is complete. Mr. Moore said a financial statement is included. The dates requested are April 18, 19, 25, 26; May 2 and 3, 2015. Shorty Martin representing Sun Downs was present to answer questions. Mr. Moore said horsemen are starting to move in today. Mr. Martin said regarding the contract for the lease of the facility the District Attorney was concerned about Mr. Schellinger's involvement in the association; the County wanted Ms. Sorick to have Mr. Schellinger sign a letter stating his position, but Mr. Martin told them they needed to write to Mr. Schellinger directly to answer anything about his involvement.

Commissioner Macomber asked why only the Kentucky Derby was to be simulcast; do they want to simulcast more? Mr. Martin said they really don't realize any better handle on the simulcast. Mr. Moore said by the time they pay for host fees and connection, there's not much money made. They do better on the crowd that the simulcast brings in. Commissioner George asked if the Sports Page simulcast's during the Sun Downs meet, Mr. Martin said they do but not on the live race days.

Commissioner Macomber moved to approve the dates request and officials for the Sun Downs Race Meet. Commissioner George seconded the motion. Unanimously approved.

Mr. Moore clarified their dates April 18, 19, 25, 26 and May 2 and 3.

Mr. Moore clarified the position on Clenbuterol medication and that in 2016 AQHA will be a zero tolerance for quarter horses racing only.

Item 6. Class C purse fund - additional funding.

Mr. Moore said that the WHRC operating account would be able to grant Sun Downs and recommended granting \$25,000 for expenses i.e.; insurance, jockey fund, and an additional \$5,251.70 bringing the total to \$82,500 or \$13,750 per day for purses.

Mr. Martin said that Mr. Tracy LeBret who is a member of the Spokane Tribe, Colville area, is trying to come up with some funding to supplement the Blue Mountain racing circuit so there may be something in the works possibly.

Staff recommended approving the grant to the Class C purse fund.

Commissioner Macomber asked Mr. Martin if anybody had contacted with the local winery to ask for support? Mr. Martin didn't know.

Commissioner Macomber moved approve the grant as recommended by staff. Commissioner George seconded the motion. Unanimously approved.

Item #7. Approval of Split Sample Labs.

Mr. Moore read the list requested for approval.

Commissioner Macomber asked about the dually accredited labs that have been approved and was concerned about Louisiana State University, they declined to take samples and are not really a qualified lab.

Mr. Moore said he had left this lab on the list as it is highly esteemed by the HBPA, but acknowledged they could not take some samples due to the limit of their testing abilities. Iowa State University was left on the list as they accept the TCO2 split samples from the commission as well. Commissioner Macomber recommended that these labs should be followed up to ensure dual accreditation is obtained.

Commissioner Macomber moved to approve the Split Sample Lab as submitted. Commissioner George seconded the motion. Unanimously approved.

Item #8. April meeting date.

Mr. Moore presented moving the April meeting date to coincide with Emerald Downs opening. He said Emerald Downs opens on April 18 and would like to move the April meeting to April 17th. To allow Commissioners to stay over and attend.

Commissioner George said he would be attending the opening of Sun Downs on April 18th.

Chairman Colliton moved to approve the travel to either Sun Downs or Emerald Downs attendance for the Commissioners and move the April 10, 2015 meeting date to April 17, 2015. Commissioner Macomber seconded the motion. Unanimously approved.

Item #9. Approval Annual Year End Report.

Mr. Moore presented the WHRC Annual Report to the Governor. He said this is the same format as in past. Handle down from 2013 but up in Advance Deposit Wagering. Donohue fund paid out to Sun Downs, only generated \$300 in 2013. Owner's bonus down from 2013 and same with breeder bonus. Licensing type down. But up in owner's due to Emerald Downs Racing Club. A little misleading. Consistent with past year's report. Recommended approval.

Commissioner Macomber asked to add a column showing the comparison between last year figures to this year's figures. Mr. Moore said he would do that.

Chairman Colliton moved to approve the WHRC Annual Report to the Governor. Commissioner Macomber seconded the motion. Unanimously approved.

Sophia McKee updated the commission on the members for the Emerald Racing Club for 2015. About 55 of the original members have returned; some spun off to other syndicates as well. They are currently looking for a horse, there's not a lot out there, waiting to see, soundness is important, to be able to race as frequently as possible.

Mr. Hodge said as an offshoot, Dr. Perkins, who is a Transplant Surgeon, was a member last year and now has three horses on his own. He purchased two horses in Kentucky and will race here this season. He's a perfect example of what the Club is trying to do, to generate new owners. Mr. Hodge said as a plus his brother back East wanted to talk to Mr. Hodge's trainer and wants to purchase a quarter horse.

Commissioner Macomber said he believes Minnesota is trying to do a syndicate, at \$500 per person, less than 5 percent ownership, licensing structure changes considerably, and do not have to have a license per se as an owner on the race track. Ms. McKee looked at that but, then you do not get backside

access, plus perks like a parking pass, etc. Commissioner Macomber said this is an excellent program, keep it up.

Item #10. Executive Secretary's report.

a. Wagering recap (January 2015).

Mr. Moore said wagering is down 5.3 percent for the biennium. The ADW report is accurate for the first three months. Overall up 6.8 percent.

b. Financial statement.

Mr. Moore explained the revenues and expenditures and the ending fund balance is \$770,702. Handle is rising, but still down a little from prior biennium.

Mr. Crockett asked about the distribution rate; seemed really high and asked Mr. Moore to check into that figure and get back to him.

c. Donohue fund disbursement.

Mr. Moore said the Donohue Fund has been calculated and ready to distribute today. This year's amount is \$651.26. It has doubled from last year.

Commissioner Macomber asked Mr. Crockett why the handle was up. He didn't know for sure.

Commissioner Macomber asked Bob Fraser if the hoopfest is on for this year again. Mr. Fraser said yes.

Item #11. Any other business that may be properly brought before the Commission.

Hearing none, Chairman Colliton adjourned the meeting.

Doug Moore, Executive Secretary

(11:15 A.M.)